



Ohio Legislative Service Commission

Ruhaiza Ridzwan

Fiscal Note & Local Impact Statement

Bill: H.B. 278 of the 129th G.A.

Date: November 28, 2011

Status: As Introduced

Sponsors: Reps. Stebelton and Okey

Local Impact Statement Procedure Required: No

Contents: To increase the minimum amounts required for valid proof of financial responsibility

State Fiscal Highlights

| STATE FUND | FY 2012 | FY 2013 | FUTURE YEARS |
|--|----------------------------|----------------------------|----------------------------|
| State Bureau of Motor Vehicles Fund (Fund 4W40) – Department of Public Safety | | | |
| Revenues | - 0 - | - 0 - | - 0 - |
| Expenditures | Potential minimal increase | - 0 - | - 0 - |
| Operating Fund (Fund 5540) – Department of Insurance | | | |
| Revenues | Potential gain | Potential gain | Potential gain |
| Expenditures | Potential minimal increase | Potential minimal increase | Potential minimal increase |

Note: The state fiscal year is July 1 through June 30. For example, FY 2010 is July 1, 2009 – June 30, 2010.

- The provision to increase the amount of minimum liability coverage that is required under Ohio's financial responsibility law may increase the Department of Public Safety's administrative costs to enforce the requirements. If there is any increase in such costs, it is likely to be minimal.
- The provision to increase the amount of minimum liability coverage may increase the Department of Insurance's administrative costs associated with a potential increase in forms review for insurers who underwrite basic automobile insurance policies in Ohio.

Local Fiscal Highlights

| LOCAL GOVERNMENT | FY 2011 | FY 2012 | FUTURE YEARS |
|--|----------------------------|----------------------------|----------------------------|
| Counties, municipalities, townships | | | |
| Revenues | - 0 - | - 0 - | - 0 - |
| Expenditures | Potential minimal increase | Potential minimal increase | Potential minimal increase |
| School Districts | | | |
| Revenues | - 0 - | - 0 - | - 0 - |
| Expenditures | Potential minimal increase | Potential minimal increase | Potential minimal increase |

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- The provision to increase the amount of minimum liability coverage that is required under Ohio's financial responsibility law may increase automobile insurance premiums to counties, municipalities, townships, and school districts statewide. However, LSC staff do not have insurance information for local governments' fleets. Assuming most are self-insured or maintain greater coverage than the requirements, the bill would have no fiscal impact on local governments. If there is a cost to some local governments or school districts, it would likely be minimal.

Detailed Fiscal Analysis

The bill proposes to increase the amounts necessary to meet proof of financial responsibility requirements. The amounts would be increased in two stages: (1) six months after the bill's effective date, it increases liability coverage for bodily injury or death of one person in an accident to \$20,000, \$40,000 for bodily injury or death of two or more persons in an accident, and \$15,000 for injury to property of others in an accident; (2) two years after the bill's effective date, it increases liability coverage for bodily injury or death of one person in an accident to \$25,000, \$50,000 for bodily injury or death of two or more persons in an accident, and \$25,000 for injury to property of others in an accident. Currently, the minimum requirements are \$12,500, \$25,000, and \$7,500, respectively.

Fiscal Effect

The bill would increase automobile insurance premiums for policyholders in Ohio who choose minimum legal coverage. Currently, the state of Ohio self-insures its fleets, thus there would be no fiscal effect on the state from increased premiums. However, LSC staff do not have insurance information for local governments' fleets. Assuming most are self-insured or maintain greater coverage than the minimum requirements, the bill would have no fiscal impact on local governments. If there is a cost to some local governments, it would likely be minimal.

Moreover, the bill may increase administrative costs of the Department of Public Safety (DPS) to enforce the new requirements. The Department would be the primary enforcer of the financial responsibility law, but any possible increase in enforcement costs is expected to be minimal, and would be paid from the State Bureau of Motor Vehicles Fund (Fund 4W40). It may also increase the Department of Insurance's administrative costs due to potential increase in automobile policy forms refiling; if there is such an increase, it would likely be minimal. Currently, insurers are required to pay filing fees for any forms filed for review. The fees are deposited into the Department of Insurance Operating Fund (Fund 5540).